

Wilshire Consulting

Executive Summary of Performance Prepared for

California Public Employees' Retirement System

- *Judges II*
- *Long-Term Care*
- *Legislators' Fund*
- *California Employers' Retiree Benefit Trust*
- *Supplemental Income Plans*

Second Quarter 2011



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Capital Market Overview

The current fragile recovery in the global economy hit several rough patches in the second quarter of 2011, and global securities markets took investors for a rather tumultuous ride in response. Despite the unfolding debt crisis in Europe, popular rebellions in the Middle East and continued volatility in commodities prices, April was a fairly strong month for global stocks and bonds. However, global markets spent much of the rest of the quarter with the bears in charge; the U.S. stock market experienced a drawdown of over 7% in the six weeks from April 30 to June 15, subsequently clawing back over 6% to end the quarter with essentially flat returns, and offshore stock markets struggled in a similar fashion. After a 3.1% annual increase in the fourth quarter of 2010, U.S. real Gross Domestic Product growth slowed considerably to a 1.9% annual rate, further proof of a slowdown in economic recovery. Private-sector hiring has not picked up sufficiently to lower the official U.S. unemployment rate, which rose to 9.2% by the end of June. Consumer-level inflation moderated somewhat as crude oil prices fell over the quarter (from \$106.72 per barrel to \$95.42 per barrel); the U.S. Consumer Price Index (All Urban Consumers) rose 1.01% in the second quarter, compared to the 0.54% rise in the CPI less Food and Energy. Global investors rotated out of high-risk equity assets into fixed income over the quarter, especially benefiting U.S. Treasury paper. The Federal Reserve maintained its aggressively accommodative Fed Funds target range of 0.0-0.25%, while simultaneously ending the second scheduled round of quantitative easing of interest rates ("QE2"); bond prices may come under increased pressure in upcoming months as a result. U.S.-based investors with offshore assets continued to reap the benefits of a stubbornly-weak U.S. dollar, as flat-to-weak local-currency performance converted to somewhat stronger, if still underwhelming, U.S. dollar returns.

U.S. Equity Market

U.S. stocks carried first-quarter momentum 2011 into April, with a strong 2.90% return for the Wilshire 5000 Total Marked IndexSM for that month. As noted above, the quarter's high point achieved on April 29th was then followed by a six week long drawdown of 7.18%; however, a quarter-end run-up in stocks of 6.15% since the June 15th market low brought the Wilshire 5000 to a modest quarterly loss of 0.08%. The Standard & Poor's 500 Stock index barely outperformed the Wilshire 5000 with a 0.09% quarterly gain. As one might expect in a bearish stock market environment, large-capitalization stocks outpaced smaller issues, a reversal from previous quarters; the Wilshire U.S. Large Cap IndexSM's 0.07% return handily bested the 1.11% return of the Wilshire U.S. Small Cap IndexSM. Among larger-company stocks, defensive value-oriented equities unsurprisingly outperformed growth-oriented names, with the Wilshire U.S. Large Value IndexSM returning 0.64%, compared to the 0.45% slide for the Wilshire U.S. Large Growth IndexSM. Within smaller-company stocks, the Wilshire U.S. Small Growth IndexSM experienced a slight pullback of 0.19%, besting the sharper losses of the Wilshire U.S. Small Value IndexSM (2.00%) and the Wilshire U.S. Microcap IndexSM (3.64%). Turning to economic sectors of the S&P 500 (GICS classification), the strongest performers were the defensive Health Care (7.79%) and Utilities (6.17%) market segments. Conversely, volatile Financials (5.94%) and Energy (4.53%) stocks were the weakest-performing sectors. One of the most interesting stories of recent quarters has been the impressive performance of real estate-related stocks. Indeed, despite the ongoing slump in residential real



estate sales, the Wilshire U.S. Real Estate Securities IndexSM returned 3.88% for the second quarter, easily outpacing all broad U.S. stock sectors.

Fixed Income Market

Reflecting a broad flight to safety over much of the second quarter, Treasury yields fell over the quarter, with the bellwether 10-year yield falling 27 basis points to 3.26% at quarter-end. Investors remain wary as to the future direction of U.S. interest rates, as the end of the Fed's quantitative easing program ("QE2") on June 30th and an overall sluggish economy compete for thematic dominance in Treasury prices. Still, Treasury yields fell across all maturities over the second quarter; two-year rates slid 31 bps to 0.47%, while thirty-year yields moved 14 bps lower to 4.39%. The Barclays U.S. Treasury 1-3 Year Index returned 0.84% for the quarter, while the Barclays U.S. Treasury Long Index sprinted to a 3.36% quarterly return. Given the defensive nature of the markets during the quarter, Federal agency and corporate credit spreads widened slightly, but Credits (Barclays U.S. Credit, 2.50%) still managed to outperform Government (Barclays Government, 2.22%) and Mortgage-Backed (Barclays U.S. MBS, 2.28%) paper. U.S. high yield corporate bond spreads widened more than investment-grade bonds, leading this market sector to underperform all other U.S. broad bond market segments (Barclays U.S. Corporate High Yield, 1.05%).

Non-U.S. Markets

Global stock markets experienced strong headwinds over the second quarter of 2011, with volatile commodity prices and fluctuating demand combining with Middle East conflict and the ongoing debt crisis in Greece to provide market malaise worldwide. However, a weak dollar and surprising strength in Old World powerhouses such as Germany and the U.K. afforded some good news to investors with offshore assets. The developed-market MSCI EAFE Index managed to outperform the developed- and emerging-market MSCI All-Country World ex-US Index both on local-currency terms (MSCI EAFE, net dividends, local: 0.80%; MSCI ACWI ex-US, net, local: 1.64%) and U.S. dollar-converted terms (MSCI EAFE, net, USD: 1.56%; MSCI ACWI ex-US, net, USD: 0.38%). Pacific region stocks (MSCI Pacific, net, local: 2.59%; USD: 0.01%) underperformed European equities (MSCI Europe, net, local: 0.23%; USD: 2.44%) as concerns of slowing growth in China's economy eclipsed guarded optimism of Japan's ability to rebuild after the devastating March earthquake. Emerging market stocks, with their heightened sensitivity to commodities pricing and the economic health of their trading partners, were notable underperformers in the second quarter (MSCI Emerging Markets, net, local: 2.68%; USD: 1.15%). A global rotation out of equities into the relative safety of fixed income, especially sovereign issuance, benefited global bond assets in local currency terms (Barclays Global Aggregate ex-US, dollar-hedged: 1.28%; Barclays Emerging Markets Local Currency Government Universal, dollar-hedged: 0.97%) and U.S. dollar terms (Barclays Global Aggregate ex-US, USD: 3.65%; Barclays Emerging Markets Local Currency Government Universal, USD: 3.08%).



Summary of Index Returns

For Periods Ended June 30, 2011

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
Domestic Equity					
Standard & Poor's 500	0.09%	30.69%	3.33%	2.94%	2.71%
Wilshire 5000	-0.08	31.99	3.96	3.44	3.73
Wilshire 4500	-0.77	38.97	7.60	5.74	7.31
Wilshire Large Cap	0.07	31.16	3.24	3.24	3.18
Wilshire Small Cap	-1.11	39.74	10.43	6.18	8.26
Wilshire Micro Cap	-3.64	29.34	7.86	1.08	8.68
Domestic Equity					
Wilshire Large Value	0.64%	29.53%	2.67%	1.59%	4.05%
Wilshire Large Growth	-0.45	32.87	3.91	4.75	2.25
Wilshire Mid Value	0.10	34.47	8.34	4.57	7.31
Wilshire Mid Growth	-0.18	48.03	10.02	8.74	8.31
Wilshire Small Value	-2.00	34.39	10.71	4.92	9.17
Wilshire Small Growth	-0.19	45.15	10.24	7.41	7.14
International Equity					
MSCI All World ex U.S. (USD)	0.38%	29.73%	-0.35%	3.67%	7.48%
MSCI All World ex U.S. (local currency)	-1.36	15.15	-0.92	0.70	3.03
MSCI EAFE	1.56	30.36	-1.77	1.48	5.66
MSCI Europe	2.44	36.02	-2.00	2.02	6.15
MSCI Pacific	0.01	20.86	-0.98	0.46	4.66
MSCI EMF Index	-1.15	27.80	4.22	11.42	16.20
Domestic Fixed Income					
Barclays Aggregate Bond	2.29%	3.90%	6.46%	6.52%	5.75%
Barclays Credit	2.50	6.20	8.23	7.03	6.34
Barclays Mortgage	2.28	3.77	6.85	6.95	5.79
Barclays Treasury	2.39	2.24	5.11	6.21	5.45
Citigroup High Yield Cash Pay	0.92	15.13	11.85	8.89	8.84
Barclays US TIPS	3.66	7.74	5.28	6.91	6.95
91-Day Treasury Bill	0.04	0.16	0.42	2.00	2.13
International Fixed Income					
Citigroup Non-U.S. Gov. Bond	3.68%	13.94%	6.20%	7.76%	8.68%
Citigroup World Gov. Bond	3.32	10.54	5.80	7.34	7.93
Citigroup Hedged Non-U.S. Gov.	1.30	0.19	4.49	4.42	4.36
Currency*					
Euro vs. \$	2.17%	18.36%	-2.73%	2.54%	5.53%
Yen vs. \$	2.63	9.57	9.49	7.20	4.44
Pound vs. \$	0.16	7.31	-6.91	-2.79	1.33
Real Estate					
Wilshire REIT Index	3.88%	35.57%	4.88%	1.77%	10.59%
Wilshire RESI	3.88	35.69	4.80	1.70	10.44
NCREIF Property Index	3.94	16.73	-2.57	3.44	7.64



Summary Review of Plans Periods Ended 6/30/11

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
TOTAL FUND for PERF	\$237.5 bil	1.7%	20.7%	0.8%	3.4%	5.4%
<i>Total Fund Policy Index ¹</i>		2.2%	20.1%	4.7%	5.8%	6.2%
<i>Actuarial Rate</i>		1.9%	7.8%	7.8%	7.8%	7.8%
<i>TUCS Public Fund Median</i>		1.2%	21.1%	4.6%	4.9%	5.6%
<i>Wilshire Large Fund Universe Median</i>		1.5%	22.3%	3.5%	4.9%	5.8%
Affiliate Fund						
Judges II	\$563.3 mil	1.6%	21.8%	4.5%	4.7%	5.3%
<i>Weighted Policy Benchmark</i>		1.7%	21.5%	4.6%	4.8%	5.3%
Long-Term Care ("LTC")	\$3,276.1 mil	1.6%	20.3%	5.6%	5.6%	5.4%
<i>Weighted Policy Benchmark</i>		1.7%	19.8%	5.4%	5.5%	5.3%
CERBT Fund	\$1,845.7 mil	1.3%	25.0%	3.7%	-.-%	-.-%
<i>Weighted Policy Benchmark</i>		1.3%	24.9%	3.8%	-.-%	-.-%
<i>TUCS Public Fund Median</i>		1.2%	21.1%	4.6%	4.9%	5.6%
Legislators' Fund						
LRS	\$123.2 mil	1.9%	15.9%	6.5%	6.4%	5.8%
<i>Weighted Policy Benchmark</i>		2.0%	15.2%	6.0%	6.1%	5.9%
<i>TUCS Public Fund Median</i>		1.2%	21.1%	4.6%	4.9%	5.6%

¹ The Total Fund Policy Index return equals the return for each asset class benchmark weighted at the current target asset allocation.



Total Fund Review PERF Periods Ended 6/30/2011

	Market Value	Five-Year Ratios							
		Qtr	1 Year	3 Year	5 Year	10 Year	VaR ¹²	Sharpe ¹³	Info ¹⁴
TOTAL FUND	\$237.5 bil	1.7%	20.7%	0.8%	3.4%	5.4%	\$29.3 bil	0.1	-0.8
Total Fund Policy Index ²		2.2%	20.1%	4.7%	5.8%	6.2%		0.3	0.0
Actuarial Rate		1.9%	7.8%	7.8%	7.8%	7.8%			
TUCS Public Fund Median		1.2%	21.1%	4.6%	4.9%	5.6%			
Wilshire Large Fund Universe Median ³		1.5%	22.3%	3.5%	4.9%	5.8%			
TOTAL GLOBAL EQUITY X-AIM & X-CURRENCY OVERLAY ⁴	123.3	0.3%	30.2%	2.1%	3.3%	4.8%	\$21.5 bil	0.1	-0.4
Equity Policy Index ⁵		0.3%	30.1%	3.3%	4.1%	5.1%		0.1	0.0
TUCS Equity Median ⁶		0.4%	32.2%	3.4%	3.7%	5.0%			
TOTAL FIXED INCOME ⁷	41.1	2.6%	7.0%	9.2%	8.4%	7.7%	\$2.8 bil	0.9	0.2
Fixed Income Policy Index ⁸		3.1%	5.6%	7.9%	7.7%	7.1%		0.9	0.0
TUCS Fixed Income Median		2.5%	7.5%	7.4%	7.0%	6.5%			
TOTAL REAL ESTATE ⁹	18.6	1.8%	10.2%	-23.9%	-12.0%	1.8%	\$2.8 bil	-0.8	-1.1
Real Estate Policy Benchmark		3.8%	19.9%	-0.8%	5.3%	8.4%		0.4	0.0
TUCS Real Estate Median		4.0%	22.1%	-6.5%	0.2%	6.7%			
TOTAL AIM PROGRAM	33.6	6.6%	25.3%	4.0%	10.7%	8.4%	\$10.4 bil	0.8	-0.3
AIM Policy Index ¹⁰		6.9%	20.6%	14.3%	14.9%	8.2%		1.0	0.0
Lagged PERS2500 + 3%		6.9%	20.6%	6.4%	6.1%	7.3%			
TOTAL INFLATION LINKED PROGRAM	8.1	1.1%	13.6%	-2.8%	--%	--%	\$1.1 bil		
Policy Index		3.1%	7.7%	5.5%	--%	--%			
CURRENCY + ASSET ALLOCATION TRANSITION	8.9								
CASH EQUIVALENTS PROGRAM	3.8	0.1%	0.3%	0.7%	2.3%	2.4%			
Custom STIF ¹¹		0.0%	0.3%	0.6%	2.3%	2.3%			

² The Total Fund Policy Index return equals the return for each asset class benchmark weighted at the current target asset allocations.

³ These returns represent preliminary numbers.

⁴ Includes domestic equity, international equity, corporate governance, and MDP ventures. It does not include asset allocation transition accounts; those accounts are reflected in total fund but are not included in any composite.

⁵ The Equity Policy Index is the composite of six benchmarks (Custom FTSE 3000 Index, Custom FTSE Microcap Index, FTSE Developed Large, FTSE Developed Small, FTSE Emerging Large, FTSE Emerging Small) and is calculated daily. Starting 2/01/2010, the Equity Policy Index also incorporates RM ARS benchmark, which is 1-Year Treasury Note + 5%.

⁶ Includes domestic and international equity.

⁷ The Total Fixed Income Composite does not include the fixed income plan level transition account as well as LM Capital. LM Capital has been mapped to the domestic equity composite, effective 1Q2005, per CalPERS' direction.

⁸ The Fixed Income Policy Index return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

⁹ Real estate total returns are net of investment management fees and all expenses, including property level operations expenses netted from property income. This method differs from GASB 31, which requires all investment expenses be identified for inclusion in the System's general purpose financial statements.

¹⁰ The AIM Policy Index is the Wilshire 2500 + 3% lagged one quarter and linked previously to the custom young fund.

¹¹ The Custom STIF Policy Index is a custom index maintained by SSgA.

¹² VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value ((Expected Return - (1.65 X SD)) X MV).

¹³ The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the total risk taken. The 5-year period was selected to provide sufficient data points for a meaningful calculation, but is still short enough to reflect the changes to the investment programs over the last few years.

¹⁴ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured. The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the total risk taken. The 5-year period was selected to provide sufficient data points for a meaningful calculation, but is still short enough to reflect the changes to the investment programs over the last few years.



Total Fund Review for PERF (continued)

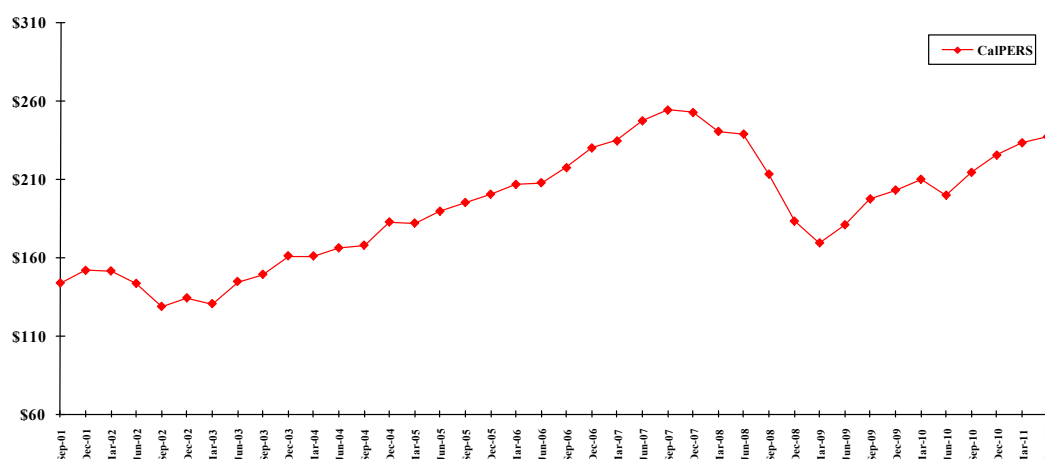
Periods Ended 6/30/11

Total Fund Flow

(\$Millions)	Beg. Mkt Value	Net Cash Flow	Invest. Mgmt Fees	Invest. Gain/Loss	End. Mkt Value	Total Return
2Q11	233,611	(783)	(196)	4,878	237,510	1.7%

Total Fund Flow

	2003	2004	2005	2006	2007	2008	2009	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Market Value (\$bil)	161.0	182.8	200.6	230.3	253.0	183.3	203.3	210.2	200.0	214.6	225.7	233.6	237.5



Asset Allocation

Asset Allocation: Actual versus Target Weights*

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Equities	52.7%	49.0%	3.7%
Fixed Income	17.3%	21.0%	-3.7%
Real Estate	7.9%	10.0%	-2.1%
ILAC	3.4%	4.0%	-0.6%
AIM	14.2%	14.0%	0.2%
Cash Equivalents	4.5%	2.0%	2.5%

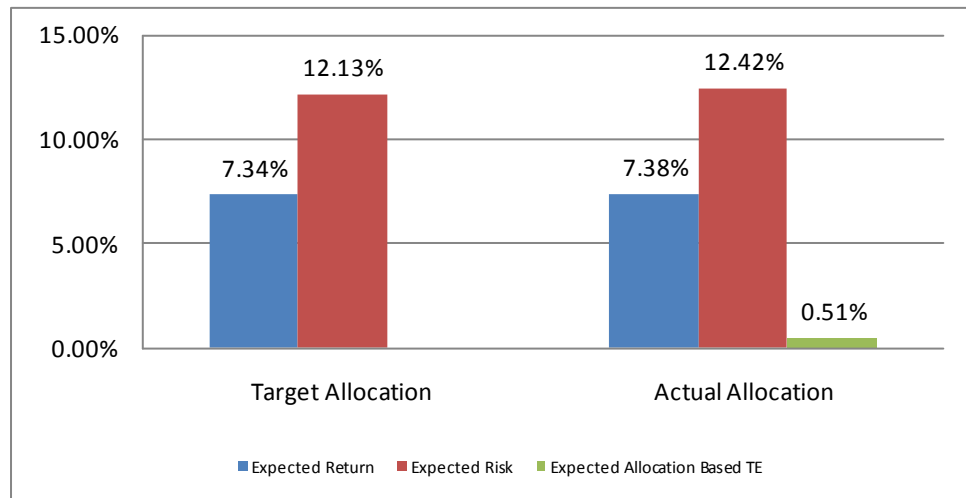
CalPERS Historical Asset Allocation

	2002	2003	2004	2005	2006	2007	2008	2009	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
% Equity	57	63	63	62	63	56	50	54	54	50	51	53	53	53
% AIM	5	5	5	5	6	8	13	12	13	14	14	14	14	14
% Fixed Income	28	24	24	25	23	27	24	24	23	24	23	21	20	17
% ILAC	-	-	-	-	-	1	2	2	2	2	3	3	3	3
% Real Estate	9	7	6	5	8	8	12	7	7	8	7	7	8	8
% Cash	1	1	1	3	1	1	1	1	1	2	2	2	2	5

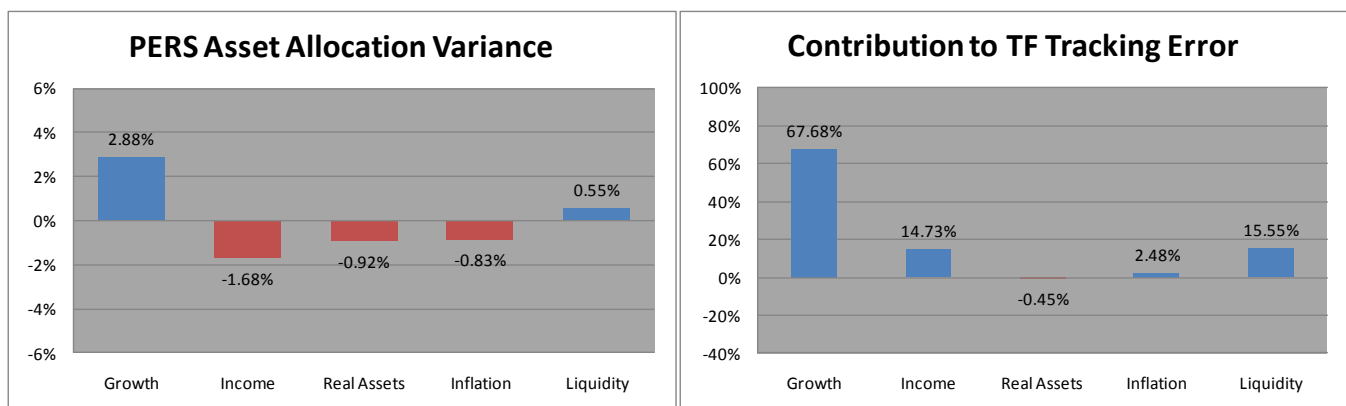
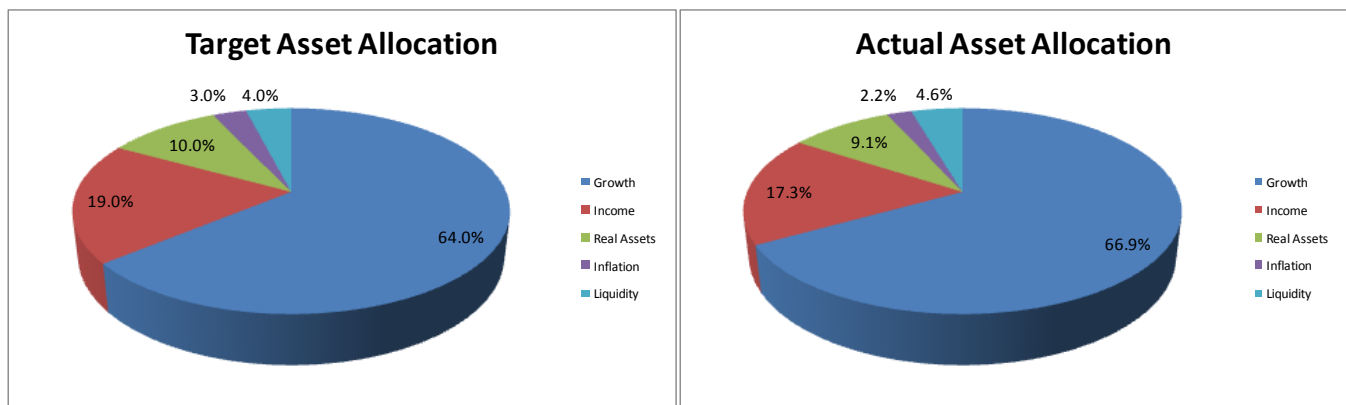
* Asset allocation targets are in the process of shifting to the new targets adopted by the Investment Committee in January 2008. Transitions accounts are included with their respective asset classes. The 6/30 cash allocation included transition assets that have been recaptured elsewhere since the adoption of a new asset allocation policy in July

Total Fund Review for PERF (continued) Periods Ended 6/30/11

Expected Return/Risk and Tracking Error based on Wilshire's Asset Class Assumptions



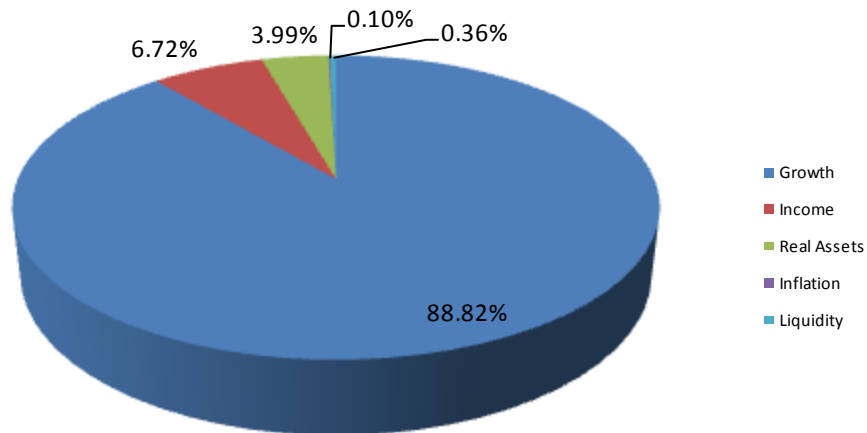
Total Fund Asset Allocation



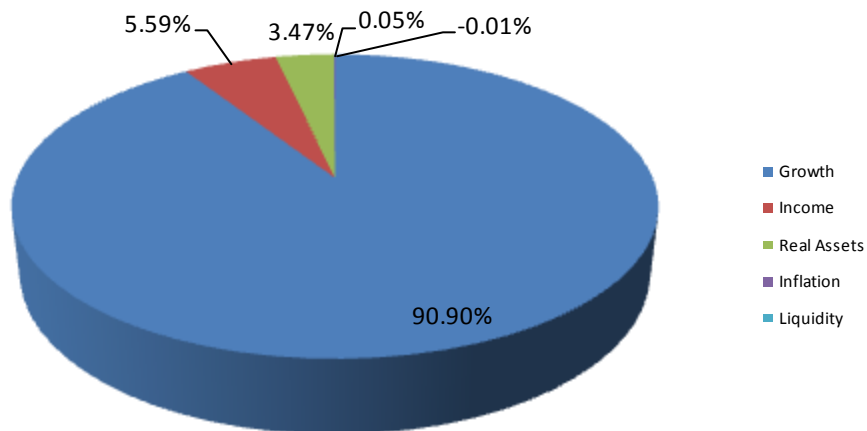
Total Fund Review for PERF (continued)
Periods Ended 6/30/11

Contribution to Total Risk based on Wilshire's Asset Class Assumptions

Contribution to Total Risk - Target Allocation



Contribution to Total Risk - Actual Allocation



California Public Employees' Retirement System

Total Fund Attribution

Total Composite

Quarter Ended 6/30/2011

Composite	Allocation			Returns			Total Fund Return Contribution				
	Policy (%)	Actual (%)	Difference (%)	Policy (%)	Actual (%)	Difference (%)	Strategic Policy (%)	Actual Allocation (%)	Active Management (%)	Activity / Timing (%)	Weighted Return (%)
Total Equity ex-AIM	49.00	52.75	3.75	0.32	0.30	-0.02	0.16	-0.07	-0.01	0.08	0.16
Total Fixed Income	21.00	20.18	-0.82	3.12	2.65	-0.47	0.66	-0.01	-0.09	-0.02	0.53
ILAC	4.00	3.43	-0.57	3.10	1.06	-2.04	0.12	-0.01	-0.07	-0.01	0.04
Real Estate	10.00	7.59	-2.41	3.80	1.83	-1.97	0.38	-0.04	-0.15	-0.05	0.14
AIM Program	14.00	14.21	0.21	6.89	6.59	-0.30	0.96	0.01	-0.04	0.00	0.94
Cash	2.00	1.84	-0.16	0.05	0.06	0.01	0.00	0.00	0.00	0.00	0.00
Total Fund	100.00	100.00	0.00	2.16	1.71	-0.45	2.16	-0.11	-0.37	0.03	1.71

The Total Fund Attribution displays the return contribution of each asset class to the total fund using the allocation to each program at the beginning of the quarter and this quarter's returns to determine if tactical allocation and active management within asset classes helped or hurt performance.



Total Fund Review for PERF (continued)

Periods Ended 6/30/11

- ◆ The California Public Employees' Retirement System ("CalPERS, the System") generated a total fund return of 1.71%, for the quarter ended June 30, 2011. CalPERS' return can be attributed as follows:

2.16%	Strategic Policy Allocation
-0.11%	Actual/Tactical Asset Allocation
-0.37%	Active Management
<u>0.03%</u>	Activity/Timing
1.71%	Total Return

- ◆ The total fund attribution table on the previous page displays the return contribution of each asset class to the total fund. This table will allow the Board to see if tactical allocation and active management within asset classes helped or hurt performance during the quarter.
 - Strategic Policy: The contribution to total return from each asset class, calculated as the percentage allocated to each asset class multiplied by the benchmark for that asset class.
 - Activity: The Activity contribution column is the difference between the "buy and hold" portfolio and the weighted return and would be caused by timing and size of cash flows (transfers, deposits, and withdrawals).
 - Actual Allocation: The return contribution during the quarter due to differences in the actual allocation from the policy allocation (i.e. the actual allocation to total equity was higher than the policy allocation). A positive number would indicate an overweight benefited performance and vice versa.
 - Active Management: The return contribution from active management. The number would be positive if the asset class outperformed the designated policy index and vice versa (i.e. the US fixed income segment outperformed its custom benchmark during the quarter and contributed positively to active management).
 - Actual Return: The actual return of the asset classes if allocations to them were static during the quarter. These returns will not match exactly with the actual segment returns since asset class allocations change during the quarter due to market movement, cash flows, etc.
- ◆ CalPERS' Total Fund generated a return of 1.71% during the second quarter, modestly underperforming its strategic policy benchmark, which returned 2.16%. Per Wilshire's attribution, both asset allocation and active management detracted this quarter. The System's asset allocation impact was negative primarily due to its overweight in global equity (53% actual vs. 49% policy), as this was the lowest returning asset class besides cash. This higher-than-target allocation to a weak performing asset class ultimately weighed on CalPERS' return in 2Q. On the active management side, poor relative performance by global fixed income (by 47 bps), ILAC (by 204 bps), and real estate (by 197 bps) was the primary detractor.
- ◆ The Total Fund composite's return was marginally lower than its actuarial rate (1.9%) this quarter, although its one-year track record has outperformed (20.7% vs. 7.8%, respectively). Over the three-, five-, and ten-year periods, CalPERS' Total Fund continued to trail the actuarial rate.



Total Fund Review for PERF (continued) Periods Ended 6/30/11

Relative to the Total Fund Policy Benchmark:

- ◆ **Global Equity Exposure:** The System's global equity composite reported a mild gain of 0.3% for the second quarter, trailing the total fund policy return of 2.2%, but matched its own asset allocation policy index. In a reversal of first quarter's trend, global equities in general reported weak results during the second quarter, as developments such as the reemergence of European sovereign debt problem, the slowdown in Chinese economy, and the uncertainty surrounding the end to the U.S. Federal Reserve Bank's Quantitative Easing II stimulus program prompted investors to retreat from this space.
- ◆ **Global Fixed Income Exposure:** CalPERS' global fixed income composite generated a total return of 2.6% for the quarter and outperformed the total fund policy index's 2.2% return. Both of the System's U.S. fixed income composite and international fixed income composites reported higher gains (2.5% and 4.3%, respectively). This was achieved as yields slipped during the quarter, driven by concerns that economic hurdles will continued to constrain the U.S. and global economies for the rest of the 2011 and potentially into 2012.
- ◆ **Real Estate:** The System's real estate segment returned 1.8% and modestly trailed the total fund policy for the quarter. The core real estate and public REIT investments reported steady gains as valuations continued to stabilize. However, the value-added investment program did not perform well and weighed on the segment's overall performance.
- ◆ **AIM Program:** The alternative investment program returned 6.6%, beating the total fund policy and was the best performing asset class in absolute terms for the quarter. The AIM program did, however, modestly underperformed its own policy benchmark return of 6.9%.
- ◆ **Total Inflation Linked Program:** The total inflation linked program's 2Q return of 1.1% underperformed the total fund policy. The program also trailed its own asset allocation policy index's return of 3.1%.



Total Equity Review for PERF Periods Ended 6/30/11

Equity Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Global Equity	52.7%	49.0%	+3.7%

Equity Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ²⁰	5-year Sharpe Ratio ²¹	5-year Info Ratio ²²
TOTAL GLOBAL EQUITY ¹⁵	123.3	0.3%	30.2%	2.1%	3.3%	4.8%	\$21.5 bil	0.1	-0.4
Equity Policy Index ¹⁶		0.3%	30.1%	3.3%	4.1%	5.1%		0.1	0.0
Value Added		0.0%	0.1%	-1.2%	-0.8%	-0.3%			
US Equity Composite (ex RMARS)	51.4	-0.2%	32.3%	4.0%	3.4%	3.6%		0.1	0.0
Custom US Equity Index ¹⁷		-0.2%	32.0%	3.8%	3.4%	3.5%		0.1	0.0
Value Added		0.0%	0.3%	0.2%	0.0%	0.1%			
Total Int'l Equity (ex RMARS)	64.1	0.8%	30.8%	0.5%	3.9%	--%		0.1	0.4
Custom Int'l Equity Index ¹⁸		0.8%	30.3%	-0.3%	3.4%	--%		0.1	0.0
Value Added		0.0%	0.5%	0.8%	0.5%	--%			
Global Equity Equitization	2.3	0.8%	31.1%	--%	--%	--%			
PERS Custom Index		0.5%	30.8%	--%	--%	--%			
Value Added		0.3%	0.3%	--%	--%	--%			
RM ARS Program	5.3	-0.7%	6.6%	0.7%	3.2%	--%		0.2	-0.7
RM ARS Policy Index ¹⁹		1.4%	5.7%	6.6%	8.2%	--%		6.4	0.0
Value Added		-2.1%	0.9%	-5.9%	-5.0%	--%			

¹⁵ Includes domestic equity, international equity, corporate governance, and MDP ventures. It does not include asset allocation transition accounts; those accounts are reflected in total fund but are not included in any composite.

¹⁶ The Equity Policy Index is the composite of six benchmarks (Custom FTSE 3000 Index, Custom FTSE Microcap Index, FTSE Developed Large, FTSE Developed Small, FTSE Emerging Large, FTSE Emerging Small) and is calculated daily. Starting 2/01/2010, the Equity Policy Index also incorporates RM ARS benchmark, which is 1-Year Treasury Note + 5%.

¹⁷ The Custom US Equity Index currently represents the FTSE Total Market Index. This Index is linked historically to its prior benchmarks.

¹⁸ The Custom Int'l Equity Index currently represents the FTSE All World ex US Index. This Index is linked historically to its prior benchmarks.

¹⁹ The RM ARS Policy consists of the Merrill Lynch 1-Year Treasury Note +5% and is linked historically to its prior benchmark.

²⁰ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

²¹ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

²² The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.



Total Equity Review for PERF (continued)

Comments Regarding Recent Equity Segment Performance

Helped Performance:

- ◆ **Internal International Equity Exposure:** The System's internal international composite's 2Q return of 0.8% outperformed against the total equity policy for the quarter.
- ◆ **External International Equity Exposure:** The external international equity composite returned 0.7% for the quarter and beat the total equity policy. Over the past ten years the composite has also done well against the equity policy.

Impeded Performance:

- ◆ **Internal U.S. Equity Exposure:** The System's internal U.S. equity composite returned -0.1% for the quarter and underperformed the total equity policy.
- ◆ **External U.S. Equity Exposure:** The external U.S. equity composite generated a return of -0.3% for the quarter and underperformed the total equity policy.
- ◆ **RM ARS Program:** The System's RM ARS program produced the lowest 2Q return among all equity programs (-0.7%) and lagged the total equity policy.
- ◆ **Corporate Governance:** CalPERS' corporate governance program 2Q return of 0.1% was marginally behind the 0.3% return of the total equity policy.
- ◆ **MDP:** The Manager Development Program was flat during the second quarter and trailed relative to the total equity policy.
- ◆ **FoF:** The Total Fund of Funds composite returned -0.5% for the quarter and underperformed the total equity policy.



Total Equity Review for PERF - U.S. Equity

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10-Year</u>	<u>Date</u>
US Equity Composite (ex RMARS)	51.4	-0.2%	32.3%	4.0%	3.4%	3.6%	12/79
Custom US Equity Index ²³		-0.2%	32.0%	3.8%	3.4%	3.5%	
Value Added		0.0%	0.3%	0.2%	0.0%	0.1%	
Total Internal US Equity	43.0	-0.1%	32.3%	4.2%	3.7%	3.7%	6/88
Custom Internal US Equity Index ²⁴		-0.2%	32.0%	3.8%	3.4%	3.5%	
Value Added		0.1%	0.3%	0.4%	0.3%	0.2%	
Total External US Equity	7.9	-0.3%	31.9%	3.4%	2.6%	3.2%	12/98
Custom External US Equity Index ²⁵		-0.1%	29.8%	3.9%	3.4%	3.9%	
Value Added		-0.2%	2.1%	-0.5%	-0.8%	-0.7%	

Total Equity Review for PERF - International Equity

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10-Year</u>	<u>Date</u>
Total Int'l Equity (ex RMARS)	64.1	0.8%	30.8%	0.5%	3.9%	-.-%	12/02
Custom Int'l Equity Index ²⁶		0.8%	30.3%	-0.3%	3.4%	-.-%	
Value Added		0.0%	0.5%	0.8%	0.5%	-.-%	
Total Internal Int'l Equity	49.4	0.8%	31.5%	0.9%	3.7%	-.-%	3/05
Custom Internal Int'l Equity Benchmark ²⁷		1.2%	31.7%	-0.7%	2.8%	-.-%	
Value Added		-0.4%	-0.2%	1.6%	0.9%	-.-%	
Total External Int'l Equity	14.7	0.7%	28.4%	1.1%	4.8%	8.5%	6/89
Custom External Int'l Equity Benchmark ²⁸		-0.3%	26.6%	0.5%	4.6%	8.5%	
Value Added		1.0%	1.8%	0.6%	0.2%	0.0%	

²³ The Custom US Equity Index currently represents the FTSE Total Market Index. This Index is linked historically to its prior benchmarks.

²⁴ The Custom Internal US Equity Index currently represents the FTSE Total Market Index. This Index is linked historically to its prior benchmarks.

²⁵ The Custom External US Equity Index return equals the return for each manager's benchmark weighted at the current target asset allocation.

²⁶ The Custom Int'l Equity Index currently represents the FTSE All World ex US Index. This Index is linked historically to its prior benchmarks.

²⁷ The Custom Internal Int'l Equity Index currently represents the FTSE Developed World ex US/Tobacco Index. This Index is linked historically to its prior benchmarks.

²⁸ The Custom External Int'l Equity Index return equals the return for each manager's benchmark weighted at the current target asset allocation.



RM ARS Program Review for PERF Period Ended 6/30/11

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>5-Year Info Ratio</u> ³⁰	<u>5-Year Up Capture Ratio</u>	<u>5-Year Sharpe Ratio</u> ³¹	<u>5-Year Sortino Ratio</u> ³²
Total RM ARS Program	5.3	-0.7%	6.6%	0.7%	3.2%	-0.7	0.4	0.2	0.2
Policy Index ²⁹		1.4%	5.7%	6.6%	8.2%				
Value Added		-2.1%	0.9%	-5.9%	-5.0%				
Total Direct Investments	3.7	-0.8%	8.2%	1.6%	3.9%				
Total Fund of Funds	1.6	-0.5%	2.9%	-0.8%	1.7%				
HFRI Fund of Funds Index		-1.2%	6.6%	-1.8%	1.5%				

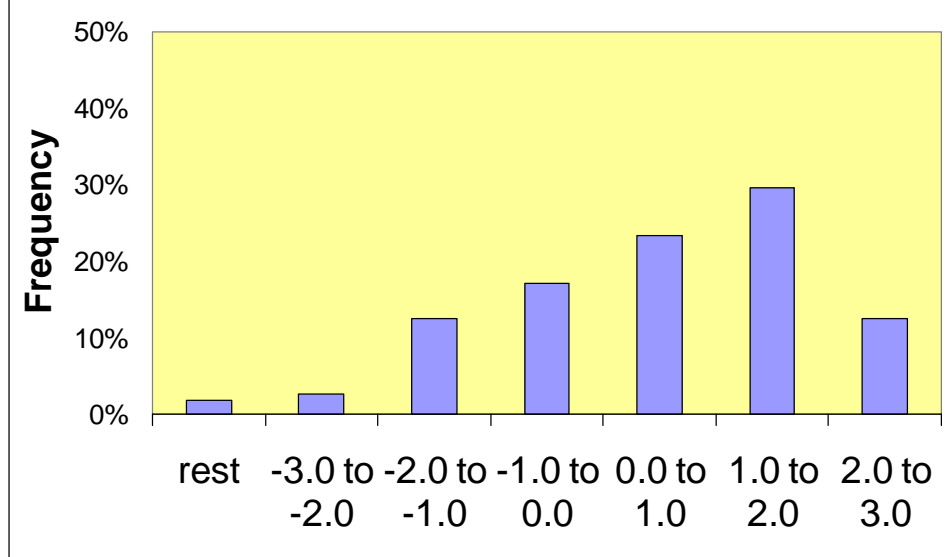
RM ARS Program Characteristics Period Ended 6/30/11

Rolling Correlations vs. Index

<u>Percentage of positive Months</u>	<u>Beta vs. S&P 500</u>	<u>W5000</u>	<u>PERS 2500</u>	<u>Domestic Fixed Index</u>	<u>MSCI AW X US</u>
66%	0.3	0.7	0.7	0.3	0.8

RM ARS Program Review for PERF

CalPERS- RM ARS (net) Monthly Histogram April 2001 to June 2011



²⁹ The RM ARS Policy consists of the Merrill Lynch 1-Year Treasury Note + 5% and is linked historically to its prior benchmark.

³⁰ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per risk ventured.

³¹ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

³² The Sortino Ratio is measure of a risk-adjusted return of an investment asset. It is an extension of the Sharpe Ratio. While the Sharpe ratio takes into account any volatility, in return of an asset, Sortino ratio differentiates volatility due to up and down movements. The up movements are considered desirable and not accounted in the volatility.



- ◆ **Beta vs. S&P 500:** This measures the amount of stock market risk in the portfolio. A beta of 1.0 would indicate that the portfolio's performance should closely track the stock market, while a beta higher than 1.0 implies greater-than-market risk and possibly leverage. The portfolio's beta is 0.3 which implies a semi-weak relationship to stock market return, which is appropriate for this program.
- ◆ **Correlation vs. various indices:** We have calculated the historical correlation between the RM ARS and CalPERS' other main asset classes. Over a market cycle, the RM ARS has shown positive correlation to the equity markets while exhibiting a relatively low correlation with fixed income.
- ◆ **Histogram:** The RM ARS is designed to generate small amounts of return on a consistent basis. This chart shows the frequency of monthly performance results. A significant number of outlying monthly performance returns would indicate insufficient risk controls. We believe that the distribution of monthly returns is as expected.

Corporate Governance/MDP/FoF Review Periods Ended 6/30/11

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Date</u>
Total Corporate Governance	5.1	0.1%	27.3%	1.9%	0.7%	6.1%	12/98
<i>Policy Index</i>		0.1%	23.2%	-0.6%	0.4%	3.9%	
<i>Value Added</i>		0.0%	4.1%	2.5%	0.3%	2.2%	

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Date</u>
Total MDP	1.7	0.0%	29.3%	1.8%	3.1%	4.6%	6/00
<i>Policy Index</i>		0.3%	27.4%	3.8%	4.4%	5.7%	
<i>Value Added</i>		-0.3%	1.9%	-2.0%	-1.3%	-1.1%	

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Date</u>
Total FoF	0.9	-0.5%	37.8%	5.7%	-.%	-.%	3/08
<i>Policy Index</i>		-1.1%	34.4%	6.4%	-.%	-.%	
<i>Value Added</i>		0.6%	3.4%	-0.7%	-.%	-.%	



Total Fixed Income Review for PERF

Periods Ended 6/30/11

Fixed Income Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Fixed Income	17.3%	21.0%	-3.7%

Fixed Income Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ³⁶	5-year Sharpe Ratio ³⁷	5-year Info Ratio ³⁸
Total Fixed Income	41.1	2.6%	7.0%	9.2%	8.4%	7.7%	\$2.8 bil	0.9	0.2
Fixed Income Policy Index ³³		3.1%	5.6%	7.9%	7.7%	7.1%		0.9	0.0
Value Added		-0.5%	1.4%	1.3%	0.7%	0.6%			
U.S. Fixed Income	37.6	2.5%	6.3%	9.4%	8.4%	7.5%		0.9	0.2
Policy Index ³⁴		3.1%	4.9%	8.0%	7.7%	6.9%		0.9	0.0
Value Added		-0.6%	1.4%	1.4%	0.7%	0.6%			
Non-U.S. Fixed Income	3.6	4.3%	15.8%	8.1%	8.7%	9.3%		0.7	0.5
Policy Index ³⁵		3.7%	14.0%	6.4%	7.7%	8.7%		0.6	0.0
Value Added		0.6%	1.8%	1.7%	1.0%	0.6%			

Comments Regarding Recent Fixed Income Segment Performance

Helped Performance:

- ◆ **Treasury Bonds:** Treasuries posted strong gains during the second quarter (+3.6%) and outperformed the overall fixed income policy index. As new data confirmed renewed weakness in the U.S. economy, investors returned to the safer government bonds and retreated from equities and other spread sectors.
- ◆ **International Fixed Income:** The System's external international bond segment outperformed the total fixed income policy for the quarter.
- ◆ **Internal Sovereign Bonds:** The System's Sovereign portfolio, which holds non-US government bonds that are U.S. Dollar denominated, posted the highest return among all fixed income portfolios during the 2Q and outperformed the overall fixed income policy index.

³³ The Fixed Income Policy Index return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

³⁴ The Domestic Fixed Income Policy Index consists of the Barclays Long Liability Index and is linked historically to its prior benchmark.

³⁵ The Non-US Fixed Income Policy Index consists of the Barclays International Fixed Income and is linked historically to its prior benchmark.

³⁶ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

³⁷ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

³⁸ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per risk ventured.



Impeded Performance:

- ◆ **Corporate Bonds:** CalPERS' corporate bonds portfolio generated a modest gain of 2.3% for the quarter, but underperformed relative to the total fixed income policy index.
- ◆ **Long Duration Bonds:** Driven by continued near-zero yields offered by short-term bonds, investors continued to look for higher yield in longer-term paper and as a result the long duration bond portfolio posted a solid 2Q return of 2.9%. This result outpaced the overall fixed income segment's performance, but was slightly behind the total fixed income policy index's 3.1% return.
- ◆ **Mortgage Bonds:** CalPERS' mortgage portfolio reported a return of 2.4% that trailed the overall fixed income policy index for the quarter.
- ◆ **High Yield Bonds:** CalPERS' high yield bond portfolios underperformed during the 2Q. Particularly the internal high yield composite, which reported a -0.5% return, was the lowest returning fixed income segment on an absolute basis. The high yield market saw a pull back as investors took on a "risk-off" sentiment during the volatile 2Q and rotated out of the riskier segments.



Fixed Income Review for PERF

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	Date
Total Fixed Income	41.1	2.6%	7.0%	9.2%	8.4%	7.7%	6/88
Fixed Income Policy Index ³⁹		3.1%	5.6%	7.9%	7.7%	7.1%	
Value Added		-0.5%	1.4%	1.3%	0.7%	0.6%	
Internal US Fixed Income + Opportunistic	37.6	2.5%	6.3%	9.4%	8.4%	7.5%	12/95
Mortgage Bonds*	9.3	2.4%	4.6%	7.5%	7.0%	6.1%	12/82
Long Duration Mortgages*	2.0	2.9%	10.2%	11.5%	9.3%	-.-%	6/05
Corporate Bonds*	9.0	2.3%	8.7%	10.5%	8.6%	-.-%	3/02
U.S. Government*	15.1	3.6%	2.7%	6.2%	7.4%	6.4%	12/99
Sovereign Bonds* ⁴⁰	0.9	4.6%	8.8%	7.4%	8.4%	8.7%	6/96
Duration/SEC Allocation*	0.1	4.4%	15.4%	13.1%	9.8%	-.-%	9/05
Custom Benchmark ⁴¹		3.1%	4.9%	8.0%	7.7%	6.9%	
Opportunistic ⁴²	2.4	-2.7%	15.8%	5.2%	5.1%	9.4%	6/00
Internal High Yield Bonds*	0.8	-0.5%	10.4%	15.6%	13.7%	15.1%	9/99
External High Yield*	1.1	1.7%	19.1%	5.5%	5.1%	-.-%	3/02
Citigroup High Yield Cash Pay		0.9%	15.1%	11.7%	8.7%	8.8%	
Special Investments	0.5	-0.6%	-4.7%	4.3%	5.2%	5.6%	3/91
External International Fixed Income	3.6	4.3%	15.8%	8.1%	8.7%	9.3%	3/89
Custom Benchmark ⁴³		3.7%	14.0%	6.4%	7.7%	8.7%	
Value Added		0.6%	1.8%	1.7%	1.0%	0.6%	
Currency overlay ⁴⁴							
Pareto	0.0	-0.1%	0.5%	-1.2%	0.2%	1.1%	6/02
Custom Benchmark		-0.2%	-0.5%	-0.3%	0.3%	0.1%	
Value Added		0.1%	1.0%	-0.9%	-0.1%	1.0%	
SSgA	0.0	0.0%	2.9%	-0.3%	1.1%	0.9%	12/96
Custom Benchmark		-0.2%	-0.5%	-0.3%	0.3%	0.1%	
Value Added		0.2%	3.4%	0.0%	0.8%	0.8%	
Short Term							
High Quality LIBOR**	2.2	0.2%	0.7%	0.1%	1.7%	2.1%	9/00
Custom Benchmark		0.0%	0.2%	0.3%	2.0%	2.1%	
Value Added		0.2%	0.5%	-0.2%	-0.3%	0.0%	
Short Duration LIBOR**	1.4	0.7%	4.5%	3.7%	2.7%	-.-%	9/02
Custom Benchmark		0.0%	0.2%	0.3%	2.0%	-.-%	
Value Added		0.7%	4.3%	3.4%	0.7%	-.-%	
Sec Lending Internal Collateral Reinvest**	0.4	0.2%	1.4%	-.-%	-.-%	-.-%	9/09
Custom Benchmark		0.0%	0.2%	-.-%	-.-%	-.-%	
Value Added		0.2%	1.2%	-.-%	-.-%	-.-%	

³⁹ The Fixed Income Policy Index return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

⁴⁰ The Internal Sovereign Bond market value is also included in the Internal Treasury Bond market value.

⁴¹ The custom benchmark consists of the Barclays Long Liability Index. Prior of 3Q 2004 the benchmark was Citigroup LPF.

⁴² Opportunistic includes internal and external high yield. Internal High Yield's market value is included in both the Total Internal Bonds and the Opportunistic Market Values.

⁴³ The custom benchmark consists of the Barclays International Fixed Income and is linked historically to its prior benchmark.

⁴⁴ The Currency Overlay program is rolled directly into total fund but it is managed by the fixed income managers. The market value is the gain or loss.

* These portfolios and/or composites are unitized and are included across multiple plans.

** These portfolios hold the collateral for the security lending program.



Total Inflation Linked Performance for PERF Period Ended 6/30/11

Inflation Linked Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Inflation Linked	3.4%	4.0%	-0.6%

Inflation Linked Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	Date
Total Inflation Linked	8.1	1.1%	13.6%	-2.8%	-.%	-.%	9/07
<i>CPI + 400 BP ***</i>		3.1%	7.7%	5.5%	-.%	-.%	
<i>Value Added</i>		-2.0%	5.9%	-8.3%	-.%	-.%	
Total Inflation Linked ex-Commodities	5.6	5.3%	7.1%	3.0%	-.%	-.%	9/07
<i>CPI + 400 BP ***</i>		3.1%	7.7%	5.5%	-.%	-.%	
<i>Value Added</i>		2.2%	-0.6%	-2.5%	-.%	-.%	
Commodities **	2.5	-7.4%	27.0%	-21.3%	-.%	-.%	9/07
<i>Index</i>		-7.9%	26.1%	-21.7%	-.%	-.%	
<i>Value Added</i>		0.5%	0.9%	0.4%	-.%	-.%	
Forestland*	2.3	0.3%	-2.2%	-0.1%	-.%	-.%	9/07
<i>CPI + 400 BPS 1Qtr Lag</i>		3.1%	7.7%	5.5%	-.%	-.%	
<i>Value Added</i>		-2.8%	-9.9%	-5.6%	-.%	-.%	
Inflation Linked Bonds	2.7	4.0%	11.8%	4.3%	-.%	-.%	3/08
<i>Custom Benchmark</i>		3.9%	11.6%	4.2%	-.%	-.%	
<i>Value Added</i>		0.1%	0.2%	0.1%	-.%	-.%	
Infrastructure*	0.6	37.4%	42.2%	18.7%	-.%	-.%	9/07
<i>CPI + 400 BPS 1Qtr Lag</i>		3.1%	7.7%	5.5%	-.%	-.%	
<i>Value Added</i>		34.3%	34.5%	13.2%	-.%	-.%	

- ◆ CalPERS' Inflation Linked Asset Class underperformed its benchmark, CPI + 400 bps, for the quarter. The ILAC's one-year track record is still ahead of the benchmark by a wide margin, but it continued to trail over the three-year period.

* Are reported on a quarter-lag basis.

** The commodities overlay portfolio is a derivatives portfolio which has no market value but a notional value approximately equal to the size of the commodities collateral.

*** Inflation Linked Bonds Custom Benchmark consists of 67% Barclays US Inflation Linked Bond Index + 33% Barclays Inflation Custom Index. It is linked historically to its prior benchmark.



Total Real Estate Review for PERF Period Ended 6/30/11

Real Estate Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Real Estate	7.9%	10.0%	-2.1%

Real Estate Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁴⁷	5-year Sharpe Ratio ⁴⁸	5-year Info Ratio ⁴⁹
Total Real Estate ⁴⁵	18.6	1.8%	10.2%	-23.9%	-12.0%	1.8%	\$2.8 bil	-0.8	-1.1
Policy Index ⁴⁶		3.8%	19.9%	-0.8%	5.3%	8.4%		0.4	0.0
Value Added		-2.0%	-9.7%	-23.1%	-17.3%	-6.6%			
TUCS Real Estate Median		4.0%	22.1%	-6.5%	0.2%	6.7%			
Core Real Estate Ex-Public REITS	6.7	3.9%	28.8%	-17.4%	-4.8%	6.1%			
NCREIF Property 1 Qtr Lagged		3.4%	16.0%	-3.6%	3.5%	7.5%			
Value Added		0.5%	12.8%	-13.8%	-8.3%	-1.4%			
Value Added	1.4	-14.0%	-.%	-.%	-.%	-.%			
NPI 1 Qtr Lagged + 200BPS		3.9%	-.%	-.%	-.%	-.%			
Value Added		-17.9%	-.%	-.%	-.%	-.%			
Opportunistic	9.1	2.8%	-1.6%	-31.4%	-19.7%	-3.6%			
NPI 1 Qtr Lagged + 400BPS		4.4%	20.6%	0.2%	7.6%	11.8%			
Value Added		-1.6%	-22.2%	-31.6%	-27.3%	-15.4%			
Public REITS	1.3	2.8%	33.4%	1.3%	0.5%	-.%			
FTSE EPRA/NAREIT DE Index		2.9%	33.4%	2.3%	1.5%	-.%			
Value Added		-0.1%	0.0%	-1.0%	-1.0%				

- ◆ CalPERS' real estate composite generated a return of 1.8% during the second quarter and lagged behind its custom index. The System's core real estate, opportunistic real estate, as well as the REIT portfolios all reported solid gains. However, the value added portfolio, which is a new program funded this year, did not perform well this quarter and was a drag on real estate's overall return.

⁴⁵ Real estate total returns are net of investment management fees and all expenses, including property level operations expenses netted from property income. This method differs from GASB 31, which requires all investment expenses be identified for inclusion in the System's general purpose financial statements.

⁴⁶ The performance of CalPERS' real estate segment is lagged one quarter. The policy index changed in July 2008. The new benchmark is 90% of NCREIF + 200% and 10% of FTSE NAREIT Global Index.

⁴⁷ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁴⁸ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁴⁹ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.



AIM Program Review for PERF Period Ended 6/30/11

AIM Program Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
AIM	14.2%	14.0%	+0.2%

AIM Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁵²	5-year Sharpe Ratio ⁵³	5-year Info Ratio ⁵⁴
AIM Program ⁵⁰	33.6	6.6%	25.3%	4.0%	10.7%	8.4%	\$10.4 bil	0.8	-0.3
AIM Policy Index ⁵¹		6.9%	20.6%	14.3%	14.9%	8.2%		1.0	0.0
Value Added		-0.3%	4.7%	-10.3%	-4.2%	0.2%			
Lagged PERS 2500 + 3%		6.9%	20.6%	6.4%	6.1%	7.3%			
Long-Term Policy (10-Year PERS 2500 + 3%)						7.2%			
AIM Partnership Investments	33.4	6.7%	25.3%	4.0%	10.7%	8.6%			
AIM Distribution Stock	0.2	-8.8%	29.0%	32.9%	13.8%	8.1%			

Cash Program Review for PERF

Cash Program Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Cash	4.5%	2.0%	+2.5%

Cash Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁵²	5-year Sharpe Ratio ⁵³	5-year Info Ratio ⁵⁴
Cash Composite	3.8	0.1%	0.3%	0.7%	2.3%	2.4%	N/A	N/A	N/A
Csutom STIF ⁵⁵		0.0%	0.3%	0.6%	2.3%	2.3%			
Value Added		0.1%	0.0%	0.1%	0.0%	0.1%			

⁵⁰ The performance of CalPERS' AIM segment is lagged one quarter.

⁵¹ The AIM Policy Index is the Wilshire 2500 + 3% lagged one quarter and linked previously to the custom young fund.

⁵² VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁵³ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁵⁴ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.

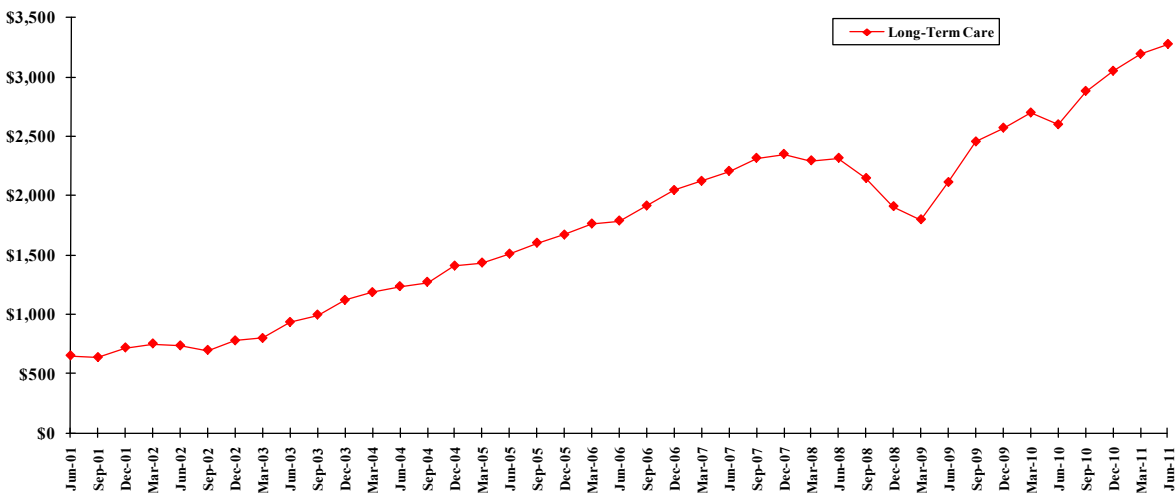
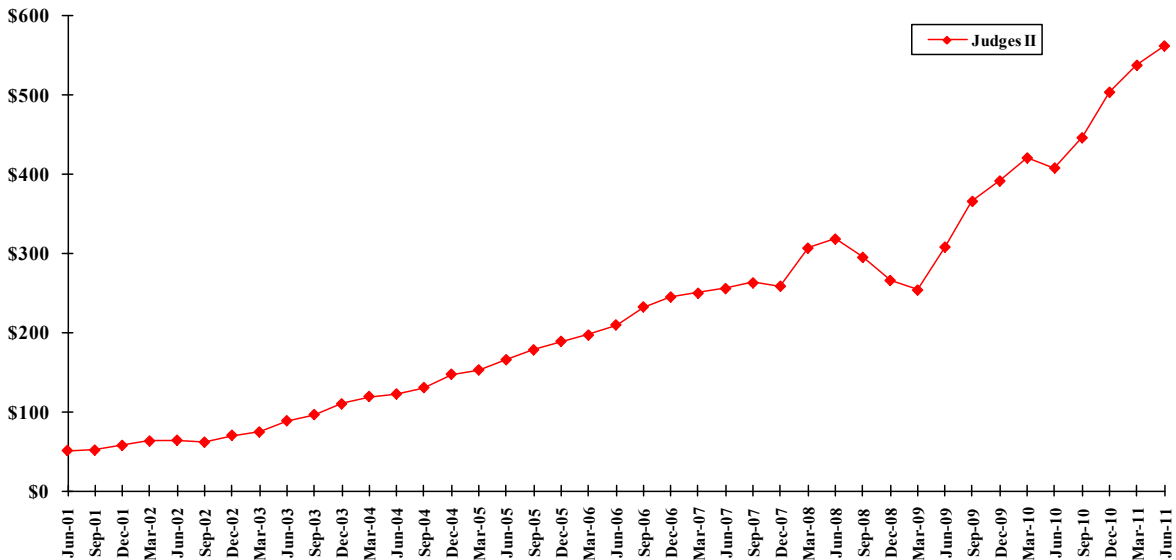
⁵⁵ The Custom STIF Policy Index is a custom index.

Affiliate Fund Information



Affiliate Fund Performance Period Ended June 30, 2011

Growth in Assets (in \$Millions)





Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2011

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
Judges II	\$563.3 mil	1.6%	21.8%	4.5%	4.7%	5.3%
<i>Weighted Policy Benchmark</i> ⁵⁴		1.7	21.5	4.6	4.8	5.3
Long Term Care ("LTC")	\$3,276.1 mil	1.6	20.3	5.6	5.6	5.4
<i>Weighted Policy Benchmark</i> ⁵⁴		1.7	19.8	5.4	5.5	5.3
<i>TUCS Public Fund Median</i> ⁵⁵		1.2	21.1	4.6	4.9	5.6

Asset Allocation

Judges II Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation (%)	Target Asset Allocation (%)	Difference
US Equities	34.3	34.0	0.3
Int'l Equity	20.3	20.0	0.3
US Bonds	35.3	36.0	-0.7
Real Estate	10.0	10.0	0.0
Cash	0.0	0.0	0.0
Total	100.0	100.0	0.0

LTC Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation (%)	Target Asset Allocation (%)	Difference
US Equities	29.3	29.0	0.3
Int'l Equity	19.3	19.0	0.3
US Bonds	29.5	30.0	-0.5
High Yield	9.9	10.0	-0.1
TIPS	7.0	7.0	0.0
Real Estate	5.0	5.0	0.0
Cash	0.0	0.0	0.0
Total	100.0	100.0	0.0

⁵⁴ The weighted policy benchmark returns for Judges II and LTC are based on asset class index returns weighted by asset class policy targets.

⁵⁵ The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolios returns subdivided by client type and asset class.



Commentary

- ◆ For the quarter ended June 30, 2011, the Judges II generated a total return of 1.6% and was slightly behind its weighted policy benchmark's return of 1.7%. The Plan's long-term performance matched well against its policy benchmark and has outperformed over the one-year mark.
- ◆ Similarly, the LTC generated a second quarter return of 1.6% and nearly matched its weighted policy benchmark's return of 1.7%. The LTC's longer term record has also done well, outpacing its policy benchmark over all measured periods.
- ◆ At the end of the quarter, Judges II was overweight in U.S. equity and international equity while underweight in fixed income.
- ◆ The LTC was overweight in U.S. equity and international equity while underweight in fixed income and high yield.

U.S. Equity Performance

U.S. Equity Performance Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II U.S. Equity <i>Custom Benchmark</i> ⁵⁶	\$193.3 mil	0.0%	30.4%	3.1%	2.8%	2.6%
		0.0	30.4	3.1	2.7	2.6
LTC U.S. Equity <i>Custom Benchmark</i> ⁵⁶	\$959.0	0.0	30.4	3.1	2.8	2.6
		0.0	30.4	3.1	2.7	2.6
<i>TUCS U.S. Equity Median</i>		0.4	32.2	3.4	3.7	5.0

Commentary

- ◆ The Judges II and LTC equity funds, which are invested in the Custom S&P 500 ex-Tobacco Index Fund, were flat for the quarter with returns of 0.0%, matching their custom benchmark. The funds have continued to track very closely to the S&P 500 ex-Tobacco Index over longer-term periods.

⁵⁶ A custom tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of Judges II and LTC starting with February 2001 performance. Prior of that the benchmark was the S&P 500 Index.



International Equity Performance

International Equity Performance Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II Int'l Equity	\$114.4 mil	1.2%	31.8%	-0.7%	2.8%	6.4%
<i>Custom Benchmark</i> ⁵⁷		1.2	31.7	-0.7	2.7	6.3
LTC Int'l Equity	\$632.5	1.2	31.8	-0.7	2.6	6.4
<i>Custom Benchmark</i> ⁵⁷		1.2	31.7	-0.7	2.7	6.3

Commentary

- ◆ The Judges II and LTC international equity funds returned 1.2% for the quarter and mirrored their custom benchmark, the FTSE Developed World ex-US & Tobacco Index. Over the long term, the funds continue to track closely to the benchmark while exhibiting positive tracking errors.

⁵⁷ Effective October 1, 2006, the benchmark is FTSE Developed World ex-U.S. & Tobacco Index. Prior of that the benchmark was the MSCI EAFE Index (Net).



Total Fixed Income

Fixed Income Performance Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II Fixed Income	\$198.9 mil	2.8%	6.5%	9.0%	8.1%	6.6%
<i>Custom Benchmark</i> ⁵⁸		3.1	4.9	8.0	7.7	6.1
LTC Fixed Income	\$967.4	2.8	6.5	9.0	8.1	6.7
<i>Custom Benchmark</i> ⁵⁹		3.1	4.9	8.0	7.7	6.0
LTC High Yield	\$324.5	1.2	17.5	12.2	8.9	--
<i>Barclays Long Liability High Yield</i>		0.9	15.1	11.7	8.7	--
LTC TIPS	\$228.0	3.7	7.7	5.6	7.2	--
<i>Barclays Long Liability TIPS</i>		3.7	7.7	5.3	7.0	--

Commentary

- ◆ The Judges II and LTC core fixed income portfolios both returned 2.8% for the quarter and marginally trailed relative to their benchmark, the Barclays Long Liability Index, which returned 3.1%. Over the long term, the core fixed income portfolios have outperformed all other measured periods shown.
- ◆ LTC's high yield portfolio posted another quarter of positive performance, returning 1.2% and beat the Barclays Long Liability High Yield Index's return of 0.9%. The high yield portfolio has also outperformed its benchmark for the one-year and all longer-term periods.
- ◆ The LTC's TIPS portfolio's return of 3.7% mirrored the Barclays Long Liability TIPS Index during 2Q. Over the three-year and five-year periods, the TIPS portfolio has added value relative to its benchmark.

⁵⁸ The current benchmark is the Barclays Long Liability Index. Prior of July 2005 the benchmark was the Barclays Aggregate Bond Index.

⁵⁹ The current benchmark is the Barclays Long Liability Index. Barclays Long Liability ex TIPS ex High Yield was the benchmark between June 2007 and July 2005. Prior of that the benchmark was the Barclays Aggregate Bond Index.



Total Real Estate

Real Estate Performance Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
Judges II REIT	\$56.5 mil	2.8%	33.4%	-1.5%	-1.5%
LTC REIT	164.6 mil	2.8	33.4	-1.6	-1.9
<i>Custom Benchmark ⁶⁰</i>		2.9	33.4	-1.7	-2.1
<i>Wilshire RESI</i>		3.9	35.7	4.8	1.7
<i>TUCS Real Estate Median</i>		4.0	22.1	-6.5	0.2

Commentary

- ◆ Judges II and LTC's REIT portfolios produced a second quarter return of 2.8% and were slightly behind their custom benchmark, currently the FTSE EPRA/NAREIT Developed Index. The REIT portfolios has matched their benchmark over the one-year mark, and continued to do well over the long-term.

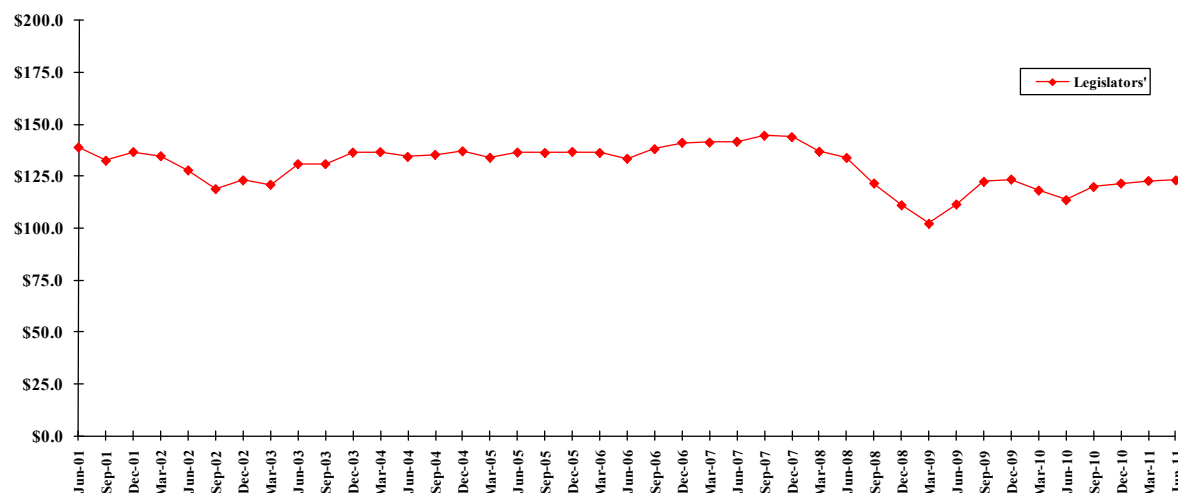
⁶⁰ Current benchmark is the FTSE EPRA/NAREIT Developed Index. Historically, it has been the Wilshire RESI and REIT Indices.

Legislators' Information



California Legislators' Retirement System

Growth in Assets



Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2011

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LRS	\$123.2 mil	1.9%	15.9%	6.5%	6.4%	5.8%
<i>Weighted Policy Benchmark ⁶¹</i>		2.0	15.2	6.0	6.1	5.9
<i>TUCS Public Fund Median ⁶²</i>		1.2	21.1	4.6	4.9	5.6

Asset Allocation

Asset Class	Actual	Policy	Difference
US Equity	30.7%	30.0%	+0.7%
International Equity	10.3	10.0	+0.3
US Bonds	49.0	50.0	-1.0
TIPS	10.0	10.0	0.0
Cash Equivalents	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	100.0	100.0	0.0

⁶¹ The weighted policy benchmark returns are calculated based on asset class index returns weighted by asset class policy targets.

⁶² The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolio returns subdivided by client type and asset class.



Commentary

- ◆ The California Legislators' Retirement System ("LRS, the System") generated a return of 1.9% for the second quarter of 2011 and narrowly missed its weighted policy benchmark, which returned 2.0%. The System's long-term track record compared favorably to its policy benchmark over the one-, three-, and five-year marks. Relative to the TUCS Public Fund Median, the LRS' portfolio outperformed for the quarter and has also done so for the three-, five-, and ten-year periods.
- ◆ As of June 30, the System was overweight in U.S. equity and international equity while underweight in fixed income.

LRS Internal U.S. Equity Assets

LRS Internal U.S. Equity Performance Periods Ended June 30, 2011

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LRS U.S. Equity	\$37.8 mil	-0.1%	30.3%	3.1%	2.7%	2.6%
<i>Custom S&P 500 Index</i> ⁶³		0.0	30.4	3.1	2.7	2.6
<i>TUCS U.S. Equity Median</i>		0.4	32.2	3.4	3.7	5.0

Commentary

- ◆ The System's U.S. equity portfolio generated a return of -0.1% during the second quarter and lagged behind its custom benchmark, the S&P 500 ex-Tobacco Index. Over the one-year and longer periods, the portfolio continues to track very closely to its custom benchmark.

International Equity Performance

Total International Equity Performance Periods Ended June 30, 2011

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LRS International	\$12.7 mil	1.1%	31.7%	-0.8%	2.7%	6.5%
<i>Custom Benchmark</i> ⁶⁴		1.2	31.7	-0.7	2.7	6.3

⁶³ A custom tobacco-free S&P 500 is used as the benchmark for the U.S. equity segment of LRS starting with the February 2001 performance. Prior of that the benchmark was the S&P 500 Index.

⁶⁴ Effective October 1, 2006, the benchmark is the FTSE Developed World ex-U.S. & Tobacco Index. Prior of that the benchmark was the MSCI EAFE Index (Net).



Commentary

- ◆ The System's international equity portfolio returned 1.1% for the quarter and nearly matched its custom benchmark, the FTSE Developed World ex-U.S. & Tobacco Index. Over the long-term, the international equity fund continues to perform in line with expectations.

Total Fixed Income

Total Fixed Income Performance Periods Ended June 30, 2011

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LRS Fixed Income	\$60.3 mil	2.7%	6.3%	8.9%	8.1%	6.6%
<i>Custom Benchmark</i> ⁶⁵		3.1	4.9	8.0	7.7	6.9
LRS TIPS	\$12.4 mil	3.6	7.6	5.6	7.1	-. -
<i>Custom Benchmark</i> ⁶⁶		3.7	7.7	5.3	7.0	-. -

Commentary

- ◆ The LRS fixed income portfolio produced a return of 2.7% for the quarter and underperformed its custom benchmark, the Barclays Long Liability Index. However, the fixed income portfolio's one-year, three-year, and five-year performance have beaten its custom benchmark.
- ◆ The System's TIPS portfolio generated a return of 3.6% for the quarter and closely tracked its custom benchmark, currently the Barclays U.S. TIPS Index. The TIPS portfolio has outperformed over the three-year and five-year periods.

⁶⁵ The current benchmark is the Barclays Long Liability Index. Lehman Long Liability ex TIPS was used as the benchmark between June 2005 and May 2007. Prior of that the benchmark was Citigroup LPF.

⁶⁶ The current benchmark is the Barclays U.S. TIPS Index. Prior of July 2007 the benchmark was the Barclays Long Liability TIPS Index.

California Employers' Retiree Benefit Trust



California Employers' Retiree Benefit Trust

Asset Allocation

Asset Class	Actual	Policy	Difference
US Equity	34.2%	35.0%	-0.8%
International Equity	28.5	29.0	-0.5
US Bonds	19.1	20.0	-0.9
High Yield	5.7	6.0	-0.3
REITS	9.7	10.0	-0.3
Cash Equivalents	<u>2.9</u>	<u>0.0</u>	<u>+2.9</u>
	100.0	100.0	0.0

Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2011

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
Total Fund	\$1,845.7 mil	1.3%	25.0%	3.7%	-.-%	-.-%
<i>Benchmark</i>		1.3	24.9	3.8	-.-%	-.-%
Domestic Equity	630.8 mil	0.0	30.4	3.1	-.-%	-.-%
<i>Benchmark</i>		0.0	30.4	3.1	-.-%	-.-%
International Equity	525.9 mil	1.2	31.8	-0.7	-.-%	-.-%
<i>Benchmark</i>		1.2	31.7	-0.7	-.-%	-.-%
REITS	179.2 mil	2.8	33.4	-1.1	-.-%	-.-%
<i>Benchmark</i>		2.9	33.4	-1.7	-.-%	-.-%
Fixed Income	352.4 mil	2.8	6.5	9.0	-.-%	-.-%
<i>Benchmark</i>		3.1	4.9	8.0	-.-%	-.-%
High Yield	104.6 mil	1.2	17.5	12.2	-.-%	-.-%
<i>Benchmark</i>		0.9	15.1	11.7	-.-%	-.-%
Cash	52.9 mil	0.1	0.3	0.6	-.-%	-.-%



Health Care Bond Fund

Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Health Care Bond Fund	\$454.5 mil	2.1%	5.0%	6.7%	-.-%	-.-%
<i>Benchmark</i>		2.3	3.9	6.5	-.-	-.-

Supplemental Income Plans



Supplemental Income Plan Performance

Net Fund Performance Results – Supplemental Contribution Plan

Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
CalPERS International Index	\$329.6 thous	1.2	31.7	-0.8	-.-
<i>FTSE Dev. World Index Ex-US</i>		1.3	31.9	-0.4	-.-
CalPERS Small/Mid Equity Index	\$426.3 thous	-0.6	39.3	8.2	-.-
<i>Russell 2500</i>		-0.6	39.3	8.2	-.-
CalPERS Target 2010	\$107.5 thous	0.8	16.8	-.-	-.-
<i>SIP 2010 Index</i>		1.1	17.8	-.-	-.-
CalPERS Target 2015	\$6.8 thous	0.5	19.1	-.-	-.-
<i>SIP 2015 Index</i>		0.8	20.1	-.-	-.-
CalPERS Target 2020	\$79.2 thous	0.2	21.4	-.-	-.-
<i>SIP 2020 Index</i>		0.6	22.3	-.-	-.-
CalPERS Target 2025	\$62.7 thous	-0.2	-.-	-.-	-.-
<i>SIP 2020 Index</i>		0.3	-.-	-.-	-.-
CalPERS Target 2030	\$0.4 thous	-0.4	26.7	-.-	-.-
<i>SIP 2030 Index</i>		0.2	27.5	-.-	-.-
CalPERS Target 2035	\$10.2 thous	-0.5	-.-	-.-	-.-
<i>SIP 2035 Index</i>		0.0	-.-	-.-	-.-
CalPERS Target 2040	\$50.5 thous	-0.5	29.3	-.-	-.-
<i>SIP 2040 Index</i>		-0.0	30.1	-.-	-.-
CalPERS Target 2045	\$42.3 thous	-0.5	-.-	-.-	-.-
<i>SIP 2045 Policy</i>		-0.0	-.-	-.-	-.-
CalPERS Target 2050	\$1.7 thous	-0.5	-.-	-.-	-.-
<i>SIP 2050 Index</i>		-0.0	-.-	-.-	-.-
CalPERS Total Return Bond Fund	\$185.0 thous	2.1	4.7	6.4	-.-
<i>Barclays Aggregate Bond Index</i>		2.3	3.9	6.5	-.-
CalPERS Target Income	\$83.6 thous	1.0	12.0	-.-	-.-
<i>SIP Income Policy</i>		1.2	12.8	-.-	-.-
CalPERS TIPS Securities	\$428.3 thous	3.6	7.4	5.3	-.-
<i>Barclays U.S. TIP Index</i>		3.7	7.7	5.3	-.-
PIMCO Short Term Bond Fund	\$45.0 thous	0.4	-.-	-.-	-.-
<i>CalPERS ML 6-month T-Bill</i>		0.1	-.-	-.-	-.-



	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
CalPERS Aggressive Asset Allocation Fund	\$65.8 thous	-0.5	29.3	--	--
<i>SIP Aggressive Policy</i>		-0.0	30.1	--	--
CalPERS Moderate Asset Allocation Fund	\$15.8 mil	0.2	21.4	--	--
<i>SIP Moderate Policy</i>		0.6	22.3	--	--
CalPERS Conservative Asset Allocation	\$270.7 thous	1.0	11.9	--	--
<i>SIP Conservative Policy</i>		1.2	12.8	--	--
CalPERS S&P 500 Equity Index	\$773.5 thous	0.1	30.7	3.5	--
<i>S&P 500 Index</i>		0.1	30.7	3.3	--
AllianceBernstein Large Cap Value	\$12.8 thous	-1.7	27.1	2.3	--
<i>Russell 1000 Value</i>		-0.5	28.9	2.3	--
Pyramis Select International	\$24.8 thous	1.6	33.1	--	--
<i>CalPERS FTSE Dev World x-US</i>		1.3	31.9	--	--
Turner Large Cap Growth	\$49.4 thous	-1.6	31.0	0.3	--
<i>Russell 1000 Growth</i>		0.8	35.0	5.0	--
The Boston Company SMID Growth	\$ 53.0 thous	1.4	--	--	--
<i>Russell 2500 Growth</i>		0.4	--	--	--
SSgA STIF	\$776.6 thous	0.0	--	--	--
<i>BofAML 3-month US T-Bill</i>		0.0	--	--	--
SCP Aggregate	\$19.7 mil	0.2	20.2	5.7	--
<i>CalPERS Custom SCP Plan</i>		0.6	20.8	6.9	--

Net Fund Performance Results – State Peace Officers’ & Firefighters’ (POFF) Defined Contribution Plan

Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
State Peace Officers’ & Firefighters Plan (POFF)	\$493.2 mil	0.2%	21.3%	3.7%	3.6%	3.8%
<i>SIP Moderate Policy</i>		0.6	22.3	4.6	4.6	4.8



CalPERS 457 Program Net Funds Periods Ended June 30, 2011

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
CalPERS S&P 500 Equity Index	\$145.4 mil	0.0	30.4	3.2	2.8	2.5
<i>S&P 500 Index</i>		0.1	30.7	3.3	2.9	2.7
AllianceBernstein Large Cap Value	\$4.7 mil	-1.7	26.9	2.2	--	--
<i>Russell 1000 Value</i>		-0.5	28.9	2.3	--	--
Turner Large Cap Growth	\$45.6 mil	-1.7	30.8	0.2	--	--
<i>Russell 1000 Growth</i>		0.8	35.0	5.0	--	--
CalPERS Small/Mid Equity Index	\$125.0 mil	-0.7	38.9	7.8	--	--
<i>Russell 2500 Index</i>		-0.6	39.3	8.2	--	--
CalPERS Total Return Bond Fund	\$47.9 mil	2.0	4.5	6.1	--	--
<i>Barclays Aggregate</i>		2.3	3.9	6.5	--	--
CalPERS TIPS Securities	\$25.2 mil	3.6	7.2	5.1	--	--
<i>Barclays U.S. TIPS Index</i>		3.7	7.7	5.3	--	--
CalPERS International Index	\$16.4 mil	1.1	31.4	-1.1	--	--
<i>FTSE Dev. World Index Ex-US</i>		1.3	31.9	-0.4	--	--
Boston Company SMID Growth	\$5.5 mil	1.4	40.9	--	--	--
<i>Russell 2500 Growth Index</i>		0.4	44.7	--	--	--
Boston Company SMID Value	\$2.6 mil	-4.0	27.1	--	--	--
<i>Russell 2500 Value Index</i>		-1.5	34.5	--	--	--
Pyramis Select International	\$34.6 mil	1.5	33.0	--	--	--
<i>CalPERS FTSE Dev World x-US</i>		1.3	31.9	--	--	--
CalPERS Conservative Asset Allocation	\$33.6 mil	1.0	11.9	--	--	--
<i>SIP Conservative Index</i>		1.2	12.8	--	--	--
CalPERS Moderate Asset Allocation Fund	\$107.8 mil	0.2	21.4	--	--	--
<i>SIP Moderate Policy</i>		0.6	22.3	--	--	--
CalPERS Target Income Fund	\$8.8 mil	1.0	11.9	--	--	--
<i>SIP Income Policy</i>		1.2	12.8	--	--	--



	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
CalPERS Aggressive Asset Allocation	\$51.4 mil	-0.5	29.2	--	--	--
<i>SIP Aggressive Policy</i>		-0.0	30.1	--	--	--
CalPERS Target 2005 Fund	\$1.0 mil	0.8	14.8	--	--	--
<i>SIP 2005 Policy</i>		1.1	15.8	--	--	--
CalPERS Target 2010 Fund	\$14.3 mil	0.8	16.7	--	--	--
<i>SIP 2010 Policy</i>		1.1	17.8	--	--	--
CalPERS Target 2015 Fund	\$16.9 mil	0.4	19.1	--	--	--
<i>SIP 2015 Policy</i>		0.8	20.1	--	--	--
CalPERS Target 2020 Fund	\$23.6 mil	0.2	21.3	--	--	--
<i>SIP 2020 Policy</i>		0.6	22.3	--	--	--
CalPERS Target 2025 Fund	\$8.3 mil	-0.2	24.5	--	--	--
<i>SIP 2025 Policy</i>		0.3	25.2	--	--	--
CalPERS Target 2030 Fund	\$14.4 mil	-0.3	26.7	--	--	--
<i>SIP 2030 Policy</i>		0.2	27.5	--	--	--
CalPERS Target 2035 Fund	\$2.8 mil	-0.5	29.0	--	--	--
<i>SIP 2035 Policy</i>		0.0	29.7	--	--	--
CalPERS Target 2040 Fund	\$7.8 mil	-0.5	29.2	--	--	--
<i>SIP 2040 Policy</i>		-0.0	30.1	--	--	--
CalPERS Target 2045 Fund	\$0.6 mil	-0.5	29.3	--	--	--
<i>SIP 2045 Policy</i>		-0.0	30.1	--	--	--
CalPERS Target 2050 Fund	\$0.5 mil	-0.5	29.2	--	--	--
<i>SIP 2050 Policy</i>		-0.0	30.1	--	--	--
SSgA STIF	\$169.1 mil	-0.1	--	--	--	--
<i>BofAML 3-month US T-Bill</i>		0.0	--	--	--	--
PIMCO Short-Term Bond Fund	\$4.5 mil	0.3	--	--	--	--
<i>ML 6-month T-Bill</i>		0.1	--	--	--	--
457 Aggregate	\$918.7 mil	0.1	18.3	3.8	3.5	--
<i>CalPERS Custom 457 Plan Index</i>		0.4	18.2	4.0	3.9	--